



Agenda Date: 6/22/05
Agenda Item: 6B

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

RELIABILITY AND SECURITY

IN THE MATTER OF THE PETITION OF SOUTH)
JERSEY GAS COMPANY FOR AUTHORIZATION)
TO CONSTRUCT A 24" PIPELINE BETWEEN THE)
TOWNSHIPS OF LOGAN AND WOOLWICH IN)
GLOUCESTER COUNTY, NEW JERSEY)

DECISION AND ORDER

DOCKET NO. GO05020166

(SERVICE LIST ATTACHED)

BY THE BOARD:

I. BACKGROUND

South Jersey Gas Company ("South Jersey," "Company," or "Petitioner") is a corporation of the State of New Jersey, a natural gas utility as defined within Title 48 of the New Jersey Statutes and, as such, is subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"). On February 18, 2005, South Jersey filed a Petition for authorization pursuant to N.J.A.C. 14:7-1.4(a) to install and operate a gas pipeline (the "Repaupo to Woolwich Pipeline" or "Project"), which will operate at a maximum pressure in excess of 250 pounds per square inch gauge ("psig"). The Repaupo to Woolwich Pipeline will have a maximum allowable operating pressure of 750 psig, but will not be operated above 700 psig. Because the Repaupo to Woolwich Pipeline will operate at a hoop stress of 37.3% of its Specified Minimum Yield Strength ("SMYS"), in excess of the 20% SMYS threshold, it is a "Transmission Line" under Federal and State regulations.

South Jersey is engaged in the transmission, distribution, transportation, and sale of natural gas within its defined service territory within the State of New Jersey which includes all or portions of the following counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem. Within its service territory, South Jersey serves in excess of 317,000 customers.

Among South Jersey's primary objectives is to ensure that it is able to provide reliable natural gas service to meet the needs of customers within its service territory. The construction of the Repaupo to Woolwich Pipeline is, according to the Company, necessary to receive supplies from a new interstate pipeline delivery point consisting of a meter and regulator station proposed to be constructed on the Transcontinental Gas Pipe Line Corporation ("Transco") interstate pipeline lateral in Repaupo, Logan Township, Gloucester County. The Project will transport gas from the Repaupo receipt point into the existing South Jersey intrastate pipeline system. South Jersey will

construct a valve station at the Southern end of the Project, in Woolwich Township. Construction of the Repaupo to Woolwich Pipeline will enable South Jersey to improve existing service and to meet transmission needs throughout its service territory by allowing gas to flow into the South Jersey system at up to 700 psig.

Moreover, the petition states that the construction of the Project is needed to ensure that South Jersey is better positioned to meet the “design day” capacity needs of its customers. Increased pipeline deliverability provided by the Project will improve South Jersey’s service capacity and help address supply concerns that might materialize under a design day scenario. The Project will help ensure the ability to move sufficient amounts of natural gas to customers in the heavily populated eastern and coastal areas of South Jersey’s service territory.

The Repaupo to Woolwich Pipeline will provide a direct feed from Transco into the Company’s largest diameter, high pressure pipeline. Completion of the Project will facilitate the future in-line inspection of the existing 24-inch New Sentury Pipeline, as the Repaupo to Woolwich Pipeline will incorporate an in-line inspection launcher at Repaupo. This capability will allow for the future inspection of both the Repaupo to Woolwich Pipeline and the 24-inch New Sentury Pipeline in a continuous in-line inspection run totaling 25 miles in length. The Project is therefore being designed as not only a system enhancement, but also as a means to facilitate the implementation and compliance associated with the Company’s Pipeline Integrity Management Program.

The Repaupo to Woolwich Pipeline will consist of 28,020 linear feet (approximately 5.3 miles) of 24-inch diameter natural gas pipeline. Of this, 4,840 linear feet (17%) will pass through Logan Township and 23,180 linear feet (83%) will pass through Woolwich Township. Portions of the Project are within the jurisdiction of the New Jersey Department of Environmental Protection (“DEP”) Land Use Regulation Program (“LURP”).

The Repaupo to Woolwich Pipeline will be constructed in accordance with N.J.A.C. 14:7-1.1 et seq. and the Federal Regulations for the Transportation of Natural and Other Gas by Pipeline, Part 192, Title 49 of the Code of Federal Regulations. Specifically, the Repaupo to Woolwich Pipeline will be constructed of 24-inch outside diameter pipe with a 0.375-inch wall thickness. The pipe will be manufactured in accordance with the applicable American Petroleum Institute (“API”) Standard 5L with a specified minimum yield strength of 60,000 pounds per square inch (“psi”) and a minimum tensile strength of 75,000 psi. The Repaupo to Woolwich Pipeline, which is designed for a Class IV Location, will be designed and constructed in compliance with the requirements of N.J.A.C. 14:7-1.4 and 49 C.F.R. § 192.150, including inline inspection accessibility. A sectionalizing valve shall be installed in accordance with the requirements of N.J.A.C. 14:7-1.10 and 49 C.F.R. § 192.179.

During construction, South Jersey will radiographically inspect each circumferential weld. Moreover, pursuant to N.J.A.C. 14:7-1.33, post-construction but pre-service, the Project will be hydrostatically pressure tested to at least 1,500 psig for a 24 hour period in conformance with all applicable federal and State requirements. A certification will be submitted in compliance with N.J.A.C. 14:7-1.33.

The Repaupo to Woolwich Pipeline will be constructed both within the existing public right-of-way (28%) and across private properties within a pipeline easement (72%). The total to be installed within the public right-of-way is 7,980 linear feet (1.5 miles) and the total on private property is 20,040 linear feet (3.8 miles). The public right-of-way portion consists of pipeline installations in State (1), County (3) and Municipal (2) roadways. The private property portion requires the

acquisition of easements from 27 separate owners involving 37 different parcels. In addition, the Project will involve one crossing of an existing Conrail line.

South Jersey wants to begin construction during June 2005, so that it can complete the Project prior to the 2005/2006 winter season.

Approvals of the Repaupo to Woolwich Pipeline have been applied for and received from numerous other agencies of the State of New Jersey. Approvals have been received from the Department of Environmental Protection; Gloucester County and Woolwich Townships, New Jersey; Conrail; the Logan Township Zoning Board of Adjustment and the Woolwich Township Zoning Board of Adjustment; and the Gloucester County Soils Conservation District.

II. PROCEDURAL HISTORY

A hearing was held in this matter at Woolwich Township on April 13, 2005 before Edward D. Beslow, Esq. the Board-appointed hearing examiner. Preceding the hearing, notice was mailed to the owners of all structures located within one hundred (100') feet of the Repaupo to Woolwich Pipeline, and notice was hand delivered to each such structure. No one appeared at the hearing to oppose the Petition. One member of the public spoke, as did the Mayor of Woolwich Township.

III. TESTIMONY PRESENTED BY THE COMPANY

At the hearing, the Company presented Mr. Joseph Schneider, General Manager, System Engineering and Planning. Mr. Schneider is experienced in designing, planning and construction of pipeline projects, and is a licensed professional engineer in the States of New Jersey and Delaware. Mr. Schneider presented Exhibit P-2, a diagram which portrayed the Repaupo to Woolwich Pipeline. Exhibit P-2 demonstrated that the Repaupo to Woolwich Pipeline runs through Logan and Woolwich Townships, New Jersey.

Concerning the necessity of the Repaupo to Woolwich Pipeline, Mr. Schneider testified that without construction of the Repaupo to Woolwich Pipeline, during the Winter of 2005-2006, the Company would come very close to being unable to provide service to some of its customers. Furthermore, without construction of the Repaupo to Woolwich Pipeline, on a very cold day during the Winter of 2006-2007, Mr. Schneider opined that South Jersey Gas Company would not be able to provide service to all of its customers. As a result, the witness stated that the Repaupo to Woolwich Pipeline is a necessity.

Mr. Schneider also testified that construction of the Repaupo to Woolwich Pipeline would solve the problems associated with very cold day delivery as it would enable the Company to interconnect with Transco at Repaupo in Logan Township. As a result, he noted that the Company will be able to add an additional 105,000 dekatherms, thereby enabling it to meet the needs of its customers for the foreseeable future.

Mr. Schneider went on to testify that the Repaupo to Woolwich Pipeline will interconnect with the Transco facility on the north, and the 24-inch New Century Line, which may eventually be operated at 700 psig, on the southern terminus. As a result, he noted that the Repaupo to Woolwich Pipeline will enable large quantities of natural gas to flow eastward into Petitioner's

service territory, allowing the provision of natural gas service throughout the service territory.

Mr. Schneider testified that it is essential that the Company be able to connect with the existing New Sentury Line, to provide additional gas service throughout the service territory.

Mr. Schneider also testified that the Repaupo to Woolwich Pipeline, although not perfectly straight, was essentially a straight line, thereby shortening the distance of pipe, resulting in lower costs and lower impact on customer rates.

IV. ALTERNATIVE ROUTES CONSIDERED

Mr. Schneider further testified that the Company considered alternative routes to the Repaupo to Woolwich Pipeline. He noted that all of the routes began and ended at the same points, since it was necessary to interlink the new Transco interconnect and the existing 24-inch New Sentury Line.

Mr. Schneider presented an exhibit depicting the two alternate routes that were considered to interlink the Transco interconnect and the 24" New Sentury Line. The alternative known as the "Western Route" was shown in blue. The Repaupo to Woolwich Pipeline was depicted in red, and hybrids of the Repaupo to Woolwich Pipeline were shown in purple, tan and green.

Mr. Schneider indicated that the blue route was rejected because it would impact substantial residential development, and residential and commercial development within Swedesboro, New Jersey. He noted that while the purple, tan and green routes were also considered, they were rejected because lands along these routes are Permanently Preserved Farmland, and, thus, construction thereon is prohibited. He also stated that routes further east would only lengthen the route and would need to cross under the New Jersey Turnpike, adding additional cost to construction.

As a result, Mr. Schneider stated his opinion that the route selected was the only economically and logistically feasible route.

V. SAFETY

Mr. Schneider testified that the Repaupo to Woolwich Pipeline would be subject to Federal Pipeline Safety Act standards, the standards of the Board, industry best practices, and standards issued by the American Gas Association.

Mr. Schneider stated that the Repaupo to Woolwich Pipeline will be manufactured in accordance with the American Petroleum Institute Standard 5L with a minimum specified yield of 60,000 psi, and a minimum tensile strength of 75,000 psi. The witness indicated that South Jersey always designs its pipelines to Class Four location standards, even though actual conditions along this route are only Class Three.

In noting that the Company takes all steps in order to assure compliance with appropriate design standards, Mr. Schneider testified that South Jersey has never had a major incident along any of its pipelines.

Mr. Schneider stated that the Repaupo to Woolwich Pipeline will have a polyethylene coating to protect against corrosion. He also stated that the Project will be inspected during construction by

the Board Staff, and that construction work will be visually inspected to the high standards of South Jersey. He noted that each weld will be x-rayed to make sure that the weld is satisfactory and that any imperfections will either be cut or repaired and then x-rayed again until the weld is correct. Mr. Schneider testified that the pipeline will be filled with water and pressure tested to 1,500 psig which is over twice the pressure at which the Repaupo to Woolwich Pipeline will operate. He noted that the pressure must hold for at least 24 hours and that if the pressure is not held for 24 hours or a leak is located and repaired, a new pressure test would then be conducted.

Mr. Schneider stated that the Repaupo to Woolwich Pipeline will have cathodic protection in order to counteract corrosive elements of soil and that the buried pipe will be clearly marked so that anyone digging within the area will be aware of its location.

Mr. Schneider further stated that the Repaupo to Woolwich Pipeline will be patrolled monthly by Company personnel, who will observe any type of change around the pipeline from erosion, unauthorized digging, illegal dumping or anything else that should not be occurring. He went on to testify that the pipeline will be subject to leak surveys completed either with a hand-held leak detector or a Company van and that the Company will follow a recurring inspection program to provide an in depth assessment and assure that the pipeline is in safe operating condition.

Mr. Schneider also testified that during construction, the Company will take steps to minimize traffic impact, and inconvenience to residents and businesses within the area of construction.

VI. SMART GROWTH IMPACT

Because this project is not an extension and is not being built in response to an application for service by a person, it is not subject to the Board's main extension rules at N.J.A.C. 14:3-8. The Bureau of Pipeline Safety of the Board's Division of Reliability and Security has reviewed the petition and record in this matter and recommends approval of the relief requested.

FINDINGS

After consideration of the entire record, the Board HEREBY FINDS that:

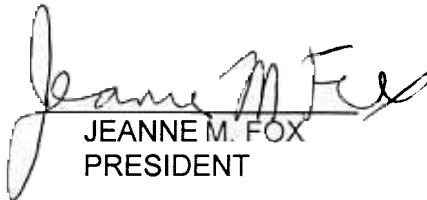
1. Petitioner is a corporation organized and existing under and by virtue of the laws of the State of New Jersey for the purpose, among other things, of supplying gas for residential, commercial and industrial heating, lighting and processes, and is defined as a public utility pursuant to N.J.S.A. 48:2-13, subject to the jurisdiction of this Board;
2. Through its written submissions and testimony presented at the hearing, Petitioner has shown by a preponderance of credible evidence that the Repaupo to Woolwich Pipeline is necessary for the service, accommodation, convenience and safety of the public in order that Petitioner may provide its customers with safe, adequate, reliable and proper service; that there are no reasonable alternatives to the Repaupo to Woolwich Pipeline authorization sought by Petitioner; and that the construction and installation of the Repaupo to Woolwich Pipeline is compatible with the public interest and will not in any instance unduly injure the owners or occupants of any structure within one hundred feet (100') of the Repaupo to Woolwich Pipeline;
3. Petitioner has demonstrated to the Board the emergent need to construct the Repaupo to Woolwich Pipeline on or before November 1, 2005 - the commencement of the next heating season;

4. The construction and installation of the Repaupo to Woolwich Pipeline is necessary and is in the public interest;
5. The Board is satisfied that the proposed construction cannot reasonably be avoided;
6. The Board has received no objections from persons whose homes, business establishments, or future homes are located within one hundred (100') feet of the Repaupo to Woolwich Pipeline; and
7. The standards that Petitioner will use in the design, construction and testing of the Repaupo to Woolwich Pipeline will comply with all applicable State and federal codes and inspections of the Repaupo to Woolwich Pipeline will be performed by personnel of the Board's Bureau of Pipeline Safety.

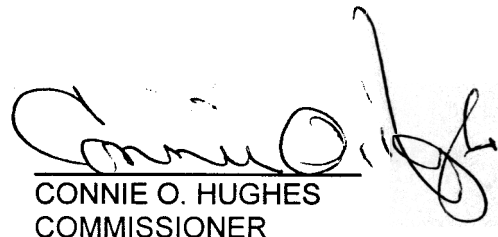
Therefore, based upon the foregoing, the Board HEREBY APPROVES and AUTHORIZES, for prompt construction, within the route designated on Exhibit P-2 admitted at the hearing, approximately 5.3 miles of 24-inch natural gas pipeline that runs from the Repaupo section of Logan Township, and through Logan and Woolwich Townships, and which terminates in Woolwich Township, all within Gloucester County, New Jersey, as requested by Petitioner.

DATED: 6/22/05

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

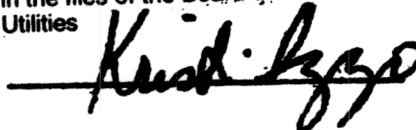

CONNIE O. HUGHES
COMMISSIONER


JACK ALTER
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



**I/M/O the Petition of South Jersey Gas Company for Authorization to Construct a 24”
Pipeline Between the Townships of Logan and Woolwich in Gloucester County,
New Jersey**

BPU DOCKET NO. GO05020166

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